



Arnold Schwarzenegger
Governor

September 9, 2010
22:428:srg:1164

Mr. Neil Kozuma, Deputy Director
San Jose Conservation Corps and Charter School
2650 Senter Road
San Jose, CA 95111

Dear Mr. Kozuma:

WORKFORCE INVESTMENT ACT
15-PERCENT PROJECT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the San Jose Conservation Corps and Charter School's (SJCC&CS) administration of its Workforce Investment Act (WIA) California Gang Reduction, Intervention and Prevention (CalGRIP) Project, Subgrant Number R973796. This review was conducted by Ms. Shannon Gonzalez and Mr. Fred Granados from June 21, 2010 through June 25, 2010. For the program operations portion of the review, we focused primarily on the areas of program administration, participant eligibility, WIA activities, monitoring, if applicable, and management information system/reporting. For the financial management portion of the review, we focused primarily on the areas of accounting systems, expenditures, allowable costs, cost allocation, reporting, cost pools, indirect costs, cash management, internal controls, program and interest income, single audit, if applicable, and property management. For the procurement portion of the review, we focused on procurement competition, cost and price analyses, and contract provisions.

We conducted our review under the authority of Sections 667.400(c) and 667.410(b) (1)(2)(3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SJCC&CS with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations, financial management, and procurement.

We collected the information for this report through interviews with SJCC&CS representatives, Alum Rock staff, and WIA participants. In addition, this report includes the results of our review of sampled case files for participants enrolled in the WIA CalGRIP Project; a review of SJCC&CS's response to Sections I and II of the Program

On-Site Monitoring Guide; applicable policies and procedures; and a review of documentation retained by SJCC&CS for a sample of expenditures and procurements.

Because we did not receive a response to the draft report, we cannot resolve the open finding cited in this report. Therefore, we are releasing this report as the final report. The finding will remain open and has been assigned Corrective Action Tracking System (CATS) number 10135.

BACKGROUND

The SJCC&CS was awarded \$500,000 to operate a WIA 15-Percent CalGRIP Project to serve 60 WIA participants from February 1, 2009 through March 31, 2011. For the period ending June 2010, SJCC&CS reported that it spent \$204,574.42 and enrolled 58 participants. We reviewed case files for 30 of the 58 participants enrolled in the WIA CalGRIP project as of June 21, 2010.

PROGRAM REVIEW RESULTS

While we concluded that, overall, SJCC&CS is meeting applicable WIA requirements concerning grant program administration, we noted an instance of noncompliance in the area of eligibility. The finding that we identified in this area and our recommendation is specified below.

FINDING 1

Requirement:

WIA 101(25) states, in part, that the term "low-income individual" means an individual who:

- Receives, or is a member of a family that receives, cash payments under a Federal, State, or local income-based public assistance program;
- Received an income, or is a member of a family that received a total family income, for the 6-month period prior to application for the program involved;
- Is a member of a household that receives or is approved to receive food stamps;
- Qualifies as a homeless individual;
- Is a foster child on behalf of whom State or local government payments are made; or
- Is an individual with a disability.

WIA Directive 04-18 states, in part, that programs must make reasonable efforts to document eligibility for WIA funded programs. Applicant statements may be used when an item is unverifiable or it is unreasonably difficult for the applicant to obtain. Additionally, programs are responsible for ensuring adequate documentation (including applicant statements) is contained in participant case files to minimize the risk of disallowed costs.

Observation:

We observed that SJCC&CS used applicant statements to verify low-income eligibility for all 30 participant case files reviewed; however, there was no documentation in the participant case files to substantiate that reasonable efforts were made to obtain low income eligibility documentation before applicants were allowed to use self-certification statements.

Recommendation:

We recommended that SJCC&CS obtain verification of low-income eligibility for the 30 participants referenced above. In addition, we recommended that SJCC&CS provide the CRO with a CAP to ensure that, in the future, all attempts to document program eligibility will be contained in the case file before using applicant self-certification statements.

SJCC&CS's Response: No response received.

State Conclusion:

Based on SJCC&CS's lack of response, we cannot resolve this issue at this time. We will consider resolving this issue when SJCC&CS submits the documentation requested above. Until then, this issue remains open and is assigned to CATS 10135.

FINANCIAL MANAGEMENT REVIEW RESULTS

We concluded that, overall, SJCC&CS is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

We concluded that, overall, SJCC&CS is meeting applicable WIA requirements concerning procurement.

In addition to the finding above, we identified a condition that, while not a finding, is a concern that we thought we should bring to your attention because it may become a compliance issue if not addressed. Specifically, 29 CFR 95.41 states, in part, the recipient is the responsible authority, without recourse to the Department of Labor, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of an award or other agreement. This includes disputes, claims, protests of award, source evaluation, or other contractual matters. We observed SJCC&CS did not include this procurement standard in their written procurement policies and procedures. We suggest that SJCC&CS develop a plan/process to address the procurement requirements.

We provide you up to 20 working days after receipt of this report to submit to the Compliance Review Office your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than October 7, 2010. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-7756.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. As you know, it is SJCC&CS's responsibility to ensure that its systems, programs, and related activities comply with the WIA, related federal regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SJCC&CS's responsibility.

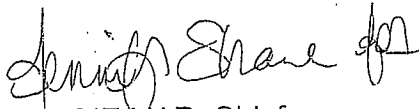
Mr. Neil Kozuma

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September 9, 2010

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Cynthia Parsell at (916) 654-1292.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar", followed by a small flourish.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Richard De La Rosa, Board of Directors
Sanae Cockrill, MIC 50
Kathy Meyer, MIC 50